

## Deadline for online tax amnesty initiative extended due to high demand



David M. Kall | Thursday, October 26, 2017

In August, we [described](#) the Multistate Tax Commission (MTC)'s temporary amnesty program, known as the [Online Marketplace Seller Voluntary Disclosure Initiative](#). It offers online sellers the chance to become compliant with various states' nexus laws without punishment for past non-compliance.

The initiative allows sellers to register for future tax collections immediately, while avoiding back taxes, interest and penalties. The original amnesty registration period was from Aug. 17 - Oct. 17, 2017, but the MTC extended the end date to Nov. 1, 2017.

When we wrote about the initiative in August, 18 states had registered. As of the MTC's most recent update, Oct. 12, 2017, an additional 10 states have done so. Here is the list of those states; those that have registered since our August article are indicated with an asterisk:

1. Alabama
2. Arkansas
3. Colorado
4. Connecticut
5. District of Columbia\*
6. Florida
7. Idaho
8. Iowa
9. Kansas
10. Kentucky
11. Louisiana
12. Massachusetts\*
13. Minnesota\*

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14. Missouri\*
15. Nebraska
16. New Jersey
17. North Carolina\*
18. Oklahoma
19. Rhode Island\*
20. South Dakota
21. Tennessee\*
22. Texas
23. Utah
24. Vermont
25. Wisconsin

Generally, amnesty is available to taxpayers that have not yet registered with the state taxing authority, filed the appropriate returns, paid the required taxes, or had any other prior contact with the state concerning liability or potential liability for such tax type. North Carolina has gone a step further by agreeing to consider an online marketplace seller's application even if that taxpayer has received prior contact concerning realized or potential tax liability. Other states have also customized or modified the rules, as follows:

- Colorado will provide back tax liability relief for sales/use tax, but will require payment of back tax liability and interest for a four-year lookback period for income/franchise tax. The state already has a small seller income tax nexus exception for sales less than \$500,000 into the state.
- D.C.'s standard lookback period is three years for sales/use and income/franchise tax. On a case-by-case basis, it will consider granting a shorter or no lookback period for applications.
- Massachusetts requires compliance with its standard three-year lookback period, which may be less than three years in a particular case, depending on when vendor nexus was created.
- Minnesota's customary lookback period is three years for sales/use tax and four years (three look-back years and one current year) for income/franchise tax. The state will grant shorter lookback periods to the time when the marketplace seller created nexus.
- Nebraska will consider waiving back tax liability for uncollected sales/use tax and income tax.
- Tennessee's business tax, as well as sales/use tax and franchise and excise tax, are included in the amnesty program.
- Wisconsin will require payment of back tax liability and interest for the following lookback periods: for sale/use tax, commencing Jan. 1, 2015; for income/franchise tax, including tax years 2015 and 2016. Additionally, the Wisconsin lookback period will be limited to prior years during which the marketplace seller had nexus.

### Applications pouring in

Bloomberg is keeping track of the number of applicants. As of Oct. 18, 2017, it **reported** that "applications... continue to pour in," and that the MTC received 382 after it announced decision to extend the deadline by two weeks.

An MTC official told Bloomberg that the group decided to offer the extension when it realized that it would have a "lack of necessary human-resources." Since then, it has doubled its manpower and expects the challenging registration process to "smooth out as people get the hang of the process. I consider it a good problem to have."

Last week, CBS' MoneyWatch quoted a former Amazon executive, who criticized the company for exacerbating taxpayers' unwitting vulnerability to large tax bills. He **contended** that the online giant "has refused to publicize the amnesty. 'You have over 100,000 sellers in the US who are affected by a sizable unpaid sales tax liability. For many of them, they either don't know that they have this liability or they don't believe that the liability is theirs.'" He said that Amazon sellers owe about \$5 billion annually, amounts for which "interest and penalties can add up quickly."



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